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Statement for the September 8, 2011 Hearing Record

TANF Reauthorization: Improving Work and Other Welfare Reform Goals

**Submitted by
The County Welfare Directors Association of California
and
The California State Association of Counties**

The County Welfare Directors Association of California (CWDA) and California State Association of Counties (CSAC) welcome the opportunity to submit a statement for the record on the reauthorization of the Temporary Assistance for Needy Families Program.

CWDA represents the human service directors from each of California's 58 counties. CWDA's mission is to promote a human services system that encourages self-sufficiency of families and communities and protects vulnerable children and adults from abuse and neglect.

CSAC represents county government before the California Legislature, administrative agencies and the federal government. CSAC's long-term objective is to significantly improve the fiscal health of all California counties so they can adequately meet the demand for vital public programs and services.

In California, counties administer and provide county financial support for social services programs, with oversight from the state.

During the recession, California's TANF (known as CalWORKs) caseload has increased 32 percent since 2007. It continues to rise, given the State's sustained high unemployment rate. In 2009, there were 1,368,207 CalWORKs cases. Unemployment is currently 12.1 percent, the second highest rate in the nation.

Due to rising caseloads and high unemployment rate, California's counties worked closely with the State last year to access the TANF Emergency Contingency Fund (TANF-ECF) created under the American Recovery and Reinvestment Act. Approximately 45,000 subsidized jobs in California were created with TANF ECF

funding. Counties worked with small business and non-profit sectors to identify jobs and place CalWORKs and summer youth recipients in them.

All 58 California counties participated in the TANF-ECF program, which also provided low-income families with non-recurring short term assistance or basic assistance to meet a families' ongoing needs. In Los Angeles County alone, more than 10,000 CalWORKs recipients and 15,000 summer youth were placed into subsidized jobs. In addition, the San Francisco Jobs NOW program placed over 3,800 low-income persons into subsidized jobs. Nationwide, about 260,000 persons were placed into jobs with TANF-ECF funding.

Due to its success in getting individuals back to work, CWDA and CSAC urge that a similar subsidized employment program be created in a TANF reauthorization bill.

We also note that there is concern among Subcommittee members about the expenditure of TANF cash assistance in casinos and other adult entertainment venues. As noted in Chairman Davis' opening statement, California has acted to address this issue. We wish to highlight, however, that the withdrawals of cash at ATMs in casinos constituted less than .05 percent of the \$3.4 billion in EBT CalWORKs cash redemptions in 2009.

As the Subcommittee considers reauthorization of TANF, California's elected county officials and human services directors have crafted a set of TANF reauthorization priorities delineated below.

These recommendations are organized around four guiding principles:

- Maintain the overall work focus of the program, while recognizing that "work first" does not mean "work only." Research indicates that the most successful welfare-to-work programs combine work with training and supportive services, as appropriate.
- Restore and enhance state (and, in California, county) flexibility to tailor work and family stabilization activities and services such as child care to families' individual needs.
- Measure states' performance in a fair and comprehensive manner that recognizes multiple potential positive outcomes for families.
- Rebuild the partnership between the federal government, states and counties and move forward with common goals.

Maintain Work Focus, With Training and Support for Families

1. Recognizing that not every family can immediately enter the workforce, especially in the current economic climate, countable work hours should be expanded to include:
 - a. Vocational training and education for up to 24 months (current limit is 12).

- b. A longer period of job search and job readiness training, including participation in job search/job readiness through the life of a case if combined with work and elimination of the four-consecutive-week constraint for job readiness activities.
 - c. English as a Second Language training and GED preparation.
 - d. Additional supportive activities such as mental health and substance abuse treatment.
2. Encourage and enhance linkages across programs to better serve families. Because many families have involvement in multiple systems, encourage collaboration and give states a clear ability to share basic information between TANF and other agencies, such as child welfare, education, workforce development and child support agencies. Incentivize states to serve families across these programs.

Restore and Enhance Flexibility and Trust

1. Recognize participation in work activities in a manner that reflects labor market conditions and the realities of families served by TANF, by:
- a. Establishing a pro-rata credit for partial participation in work and work-related activities, including hours spent in non-core activities.
 - b. Eliminating the unrealistic 90% two-parent participation rate. The all families rate should apply to all cases.
 - c. Restoring the pre-Deficit Reduction Act (DRA) exclusion of families without an aided adult from the work participation rate calculation. States like California chose to aid children independent of their parents or caregivers in a number of circumstances, which allows the counties to keep in contact with these families, spot problems and work with families to overcome issues that arise. Federal rules should not penalize states like California for this decision or, worse, force these states into a situation where they have no choice but to consider cutting off assistance to these children and losing all contact with struggling families.
 - d. Recognizing activities that help stabilize families as participation in work activities.
2. Encourage stable funding and maximize effectiveness of TANF funds, by:
- a. Increasing the availability of funds to offset lost purchasing power due to the TANF block grant, with new funding targeted toward cash assistance for families or services to help aided parents, and non-custodial parents, find and retain employment. To the extent that state participation is required, use a more traditional matching structure rather than an all-or-nothing MOE.

- b. Not establishing a national TANF error rate, given that the program was block-granted and states given flexibility to create programs that vary widely.
3. Provide for reasonable time to engage families. Specifically, states should have the option, on a case-by-case basis, of excluding new cases from the work participation rate for the month of application and the month following application, recognizing that most states take 30 to 45 days to process an application and provide benefits retroactively, making the third month of assistance the first month in which a family can realistically be engaged in work activities for a full month.

Measure Performance Fairly and Comprehensively

1. Start with a clean slate. The Deficit Reduction Act and subsequent rules represented substantial program changes, which took states many months to implement and have caused work participation rate calculations to also be delayed at the federal level. Further, the current deep recession has negatively impacted states' ability to help clients find and retain employment. Because these changes, as well as the current recession, will negatively impact states' participation rates, we recommend using state performance between FFY 2008 and FFY 2011 as a baseline to measure improvement into the future, rather than a basis for penalties that would only serve to pull resources out of TANF (or other needed human services programs) due to state budget crises.
2. Give states the option to use additional performance measures. The work participation rate is not the only measure of program success. Additional measures should be developed, in partnership between the federal government, states and counties, which could be used to measure the impact of both TANF assistance and non-assistance expenditures. Possible examples include employment wages and job retention.
3. Recognize the impacts of unemployment on TANF participation. States should be given additional credit toward their work participation rates if the state's unemployment rate has risen above a base rate (we suggest using FFY2005 as the baseline). For example, for every 1 percentage point increase in the unemployment rate above its FFY2005 baseline rate, the state could receive 5 percentage points credit toward its work participation rate. This is consistent with research done by Beacon Economics (2009) which cited several studies indicating that a one-point rise in unemployment rates raised AFDC caseloads by as much as 6 percent.

Rebuild the Partnership

1. Identify and build on common goals. The four purposes of TANF, which are clearly delineated in the 1996 enabling legislation, provide a framework for the program's next phase. This reauthorization offers an opportunity to consider how to best work together at all levels of government, and across program lines, to help children and families in poverty move toward self-sufficiency. Counties encourage the federal government to view us as partners and to engage us in TANF reauthorization as well as the development of program rules and regulations.

2. Revise onerous work verification requirements. The Deficit Reduction Act and subsequent program rules moved states away from the task of enhancing work participation and family self-sufficiency and back towards the process-heavy Aid to Families with Dependent Children model. Overly stringent work verification requirements negative impact employers, educational institutions, service providers, clients and counties. States and counties welcome effective program oversight, but urge a more outcome-driven focus more consistent with the TANF program envisioned in 1996.

Thank you for giving CWDA and CSAC the opportunity to submit this statement for the record. We stand ready to assist the Subcommittee as it prepares to reauthorize the program.

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